



**City of Santa Barbara**  
Airport Department

**DATE:** August 19, 2009  
**TO:** Airport Commission  
**FROM:** Karen Ramsdell, Airport Director  
**SUBJECT:** Fiscal Year 2009 Financial Report

---

**RECOMMENDATION:**

That Commission receive the Airport Department's Fiscal Year 2009 Financial Report.

**DISCUSSION**

The financial report for the twelve months ending June 30, 2009 is attached (Attachment 1), and provides a year-to-date comparison with the adopted budget for Fiscal Year 2009 including carry forward encumbrances. Historical information for fiscal year 2008 is also included.

The Fiscal Year 2009 budget was prepared knowing that aviation had been severely impacted by record high fuel prices, so revenue targets were reduced in anticipation of the decrease in aviation activity. However, when the unprecedented economic crisis began in the Fall, Airport staff was asked to be very conservative with operational spending for the balance of the fiscal year. As a result, the Department revenues were on target and operational expenses were significantly below budget.

Revenues

Total Airport Department revenues for the fiscal year are \$13,061,557 or 2% (\$251,905) over budget, and 5.7% below Fiscal Year 2008 revenues of \$13,807,062.

While the number of slow payers increased in the **Commercial and industrial** category, lease revenue was slightly above target at \$4,225,643, a 3.8% growth.

**Non-Commercial Aviation** revenue includes building rentals, fuel flowage and percentage fees. The Gap Fire hydro-mulching operation in September provided unanticipated landing fee revenue which pushed this line item slightly above budget target for the year at \$1,217,795.

**Airline Terminal Revenues** reflect passenger traffic and accessibility to concessions. The total passenger count for Fiscal year 2009 is 7.3% below FY 2008 and this reduction is reflected in the concession revenue line items.

The Airline Terminal restaurant and gift shop have been impacted by fewer passengers, changes in restaurant management, and the shift in location of the gift shop. The other Terminal concessions, advertising, telephone, ATM, Wi-Fi provide minor revenues for the Department. **Concession** revenue, \$119,721, was 39.7% below budget.

**Parking** revenues are tied to passenger traffic but are also affected by the economy. Fiscal Year 2009, was the second year that parking revenues, \$2,681,217, were below (10.5%) budget. Due to the economic recession and high fuel prices, parkers are trying to cut cost by using alternative methods of transportation, car-pooling, and getting dropped off at the Terminal.

**Rental Car** revenues, \$1,908,093, exceeded budget by 5.7%. Total number of rental car contracts issued is down 7% from the previous year, which tracks with the decrease in passenger traffic. This line item remains strong due to the negotiated Minimum Annual Guarantee (MAG) in the current rental car agreements. Gross receipts from the two off-airport operators, Avis and Thrifty, also contributed to the increase.

Total **Commercial Aviation** revenue, \$2,172,218, reflects an 11.1% increase over budget. The Airline Terminal annual square footage rental rate was established at \$66.81 plus Terminal employee parking rate of \$3.45 per person per day, which is included in the building rental line item. Landing fees are slightly greater, 1.4%, than the budget target and reflect the changes in equipment and frequency of flights.

**Interest income** was projected to be less than prior years based on the drop in the stock market and the lower than normal return on investment from the City's portfolio, however, with final adjustments, the Airport's interest income exceed budget by 24.8%. The agreement with **TSA for reimbursement** of security checkpoint costs was renewed, extending revenues for the full year.

**Other Revenues** exceed budget by 72.7% as a result of internal City accounting entries from other funds.

#### Expenditures

**Salaries and Benefits** are slightly below budget (4.9%), with vacant positions in Airport Patrol and Operations, being covered with overtime and hourly employees.

The Airport tracks **Supplies and Services** in four categories: overall supplies and services, ARFF reimbursement, Engineering reimbursement, and Allocated costs. A variance of 15.2% is found for overall supplies and services. The lower than budget actual cost resulted from savings in all line items.

The **Equipment** expense is 63% below budget due to a change in the City's policy on Personal Desktop Computer replacement and hardware/software upgrades which were deferred due to the overall shortfall in City revenues.

The expenses for the employee shuttle operation managed by AMPCO, the parking management company, were placed in the **Special Projects** line item so that costs could be monitored. Expenses for the Shuttle operation, \$582,234, are 32.3% under budget, but are 6.4% greater than the previous year.

In summary, the Department operating expenses for the year were \$11,868,034 or \$1,193,523 (8%) below budget and only 1.5% greater than the Fiscal Year 2008.

#### Policy Reserves

At year end, Policy Reserves were adjusted for the FY 2010 Budget. A Preliminary Report, Attachment 2, reflects unaudited Reserves of \$4,170,533 and \$2,408,767 Reserves above Policy.

**City of Santa Barbara**  
**Preliminary Airport Reserve Balances**  
**At June 30, 2009**

**AIRPORT OPERATING FUND (441)**

Required Policy Reserves for:

Economic Uncertainty/Emergencies	\$	1,772,628.00
Future Years' Budgets	\$	1,181,752.00
Capital	\$	<u>1,216,153.00</u>
Total Required Policy Reserves	\$	4,170,533.00
Reserves Above Policy	\$	<u>2,408,767.00</u>
Total reserves @ June 30, 2008	\$	<u><u>6,579,300.00</u></u>

CITY OF SANTA BARBARA  
Airport Operating Fund  
Financial Report  
For Month Ended 6/30/09 (100% of Fiscal Year)

**Attachment 1**

	Adopted		Adopted		Adopted		Current Y-T-D	
	FY 08	Budget	Budget	Budget	Budget	12 mos.	\$	%
Operating Revenue	Actual	2009	2009 with carry forwards	2009-100% of Fiscal Year	Actual	Variance	Variance	
Leases								
Commercial & Industrial	\$ 4,171,557	\$ 4,071,450	\$ 4,071,450	\$ 4,071,450	\$ 4,225,643	\$ 154,193	3.8%	
Non-Commercial Aviation	1,237,616	1,168,600	1,168,600	\$ 1,168,600	1,217,795	\$ 49,195	4.2%	
Terminal								
Rental Cars	1,965,757	1,805,850	1,805,850	\$ 1,805,850	1,908,093	102,243	5.7%	
Parking	2,940,724	3,000,000	3,000,000	\$ 3,000,000	2,681,217	(318,783)	-10.6%	
Concessions	182,371	198,700	198,700	\$ 198,700	119,721	(78,979)	-39.7%	
Terminal sub-total	\$ 5,088,852	\$ 5,004,550	\$ 5,004,550	\$ 5,004,550	\$ 4,709,031	\$ (295,519)	-5.91%	
Commercial Aviation								
Building	1,155,865	934,891	934,891	934,891	1,130,906	196,015	21.0%	
Landing Fees	1,101,259	980,109	980,109	980,109	993,767	13,658	1.4%	
Landing Fees (Freight/Charter)	47,978	40,000	40,000	40,000	47,545	7,545	18.9%	
Commercial aviation sub-total	2,305,102	1,955,000	1,955,000	1,955,000	2,172,218	217,218	11.1%	
Total Leases	\$ 12,803,127	\$ 12,199,600	\$ 12,199,600	\$ 12,199,600	\$ 12,324,687	\$ 125,087	1.03%	
Other								
Interest Income	711,049	413,000	413,000	413,000	515,313	102,313	24.8%	
TSA Reimbursement	178,324	163,052	163,052	163,052	162,838	(214)	-0.1%	
Other	114,564	34,000	34,000	34,000	58,719	24,719	72.7%	
Other sub-total	1,003,937	610,052	610,052	610,052	736,870	126,818	20.79%	
<b>Total Operating Revenue</b>	<b>\$ 13,807,064</b>	<b>\$ 12,809,652</b>	<b>\$ 12,809,652</b>	<b>\$ 12,809,652</b>	<b>\$ 13,061,557</b>	<b>\$ 251,905</b>	<b>2.0%</b>	
<b>Operating Expenses</b>								
Salaries & Benefits	\$ 4,485,157	\$ 4,880,629	4,880,629	4,880,629	\$ 4,654,810	\$ 225,819	4.9%	
Supplies & Services (1)	3,005,820	2,959,496	3,488,932	3,488,932	3,029,122	\$ 459,810	15.2%	
ARFF	1,552,057	1,616,556	1,616,556	1,616,556	1,616,556	\$ -	0.0%	
Engineering	359,175	365,107	365,107	365,107	361,509	\$ 3,598	1.0%	
Special Project (2)	547,029	700,150	770,150	770,150	582,234	\$ 187,916	32.3%	
Equipment	194,911	88,150	167,628	167,628	102,837	\$ 64,791	63.0%	
Allocated Costs	1,465,695	1,525,648	1,525,648	1,525,648	1,520,966	\$ 4,682	0.3%	
<b>Total Operating Expenses</b>	<b>\$ 11,609,844</b>	<b>\$ 12,135,736</b>	<b>\$ 12,814,650</b>	<b>12,814,650</b>	<b>\$ 11,868,034</b>	<b>\$ 946,615</b>	<b>8.0%</b>	
Net operating gain / (loss)	\$ 2,197,220	\$ 673,916	\$ (4,998)	\$ (4,998)	\$ 1,193,523	\$ 1,198,521		

Notes:

\* Other

Added \$54,729-workers' comp rebate, \$141-ICS Fund Rebate; \$ 2,293-Info Systems rebate,\$35-info systems rebate; NOC, \$1,521-compensation property damage

Equipment-includes patrol vehicle

Special Projects: \$70,000 added to Budget for GAP Fire Hydro Mulching

Equipment: Carry forward \$21,043 in computer equipment;\$38,899 Security vehicle;\$12,792 certification and other equipment  
Add to

Terminal employee parking: Aviation Bldg lease

ATM revenue- Concessions

TSA Terminal rent Non-commercial aviation

Actual revenue paid by Wi-Fi provider:1,766.70 ,Terminal concessions